

# Office of Energy Resources

Analyst: Houston

## Historical Summary

OPERATING BUDGET	FY 2008 Total App	FY 2008 Actual	FY 2009 Approp	FY 2010 Request	FY 2010 Gov Rec
<b>BY FUND CATEGORY</b>					
General	0	0	42,500	43,700	0
Dedicated	0	0	2,573,000	2,285,700	2,231,300
Federal	0	0	908,700	918,900	908,700
<b>Total:</b>	<b>0</b>	<b>0</b>	<b>3,524,200</b>	<b>3,248,300</b>	<b>3,140,000</b>
Percent Change:				(7.8%)	(10.9%)
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	0	0	0	1,409,800	1,316,900
Operating Expenditures	0	0	0	1,826,500	1,814,600
Capital Outlay	0	0	0	12,000	8,500
Lump Sum	0	0	3,524,200	0	0
<b>Total:</b>	<b>0</b>	<b>0</b>	<b>3,524,200</b>	<b>3,248,300</b>	<b>3,140,000</b>
Full-Time Positions (FTP)	0.00	0.00	18.00	18.00	18.00

## Division Description

The Office of Energy Resources was originally created by Governor Andrus through Executive Order (EO) in 1975. Those responsibilities were assigned to the Idaho Department of Water Resources in 1981. Program authority was modified by EO 2001-06 when energy standards for building codes were transferred to the Division of Building Safety. On October 19, 2007, Governor Otter issued EO 2007-15 reestablishing the Office of Energy Resources within the Office of the Governor.

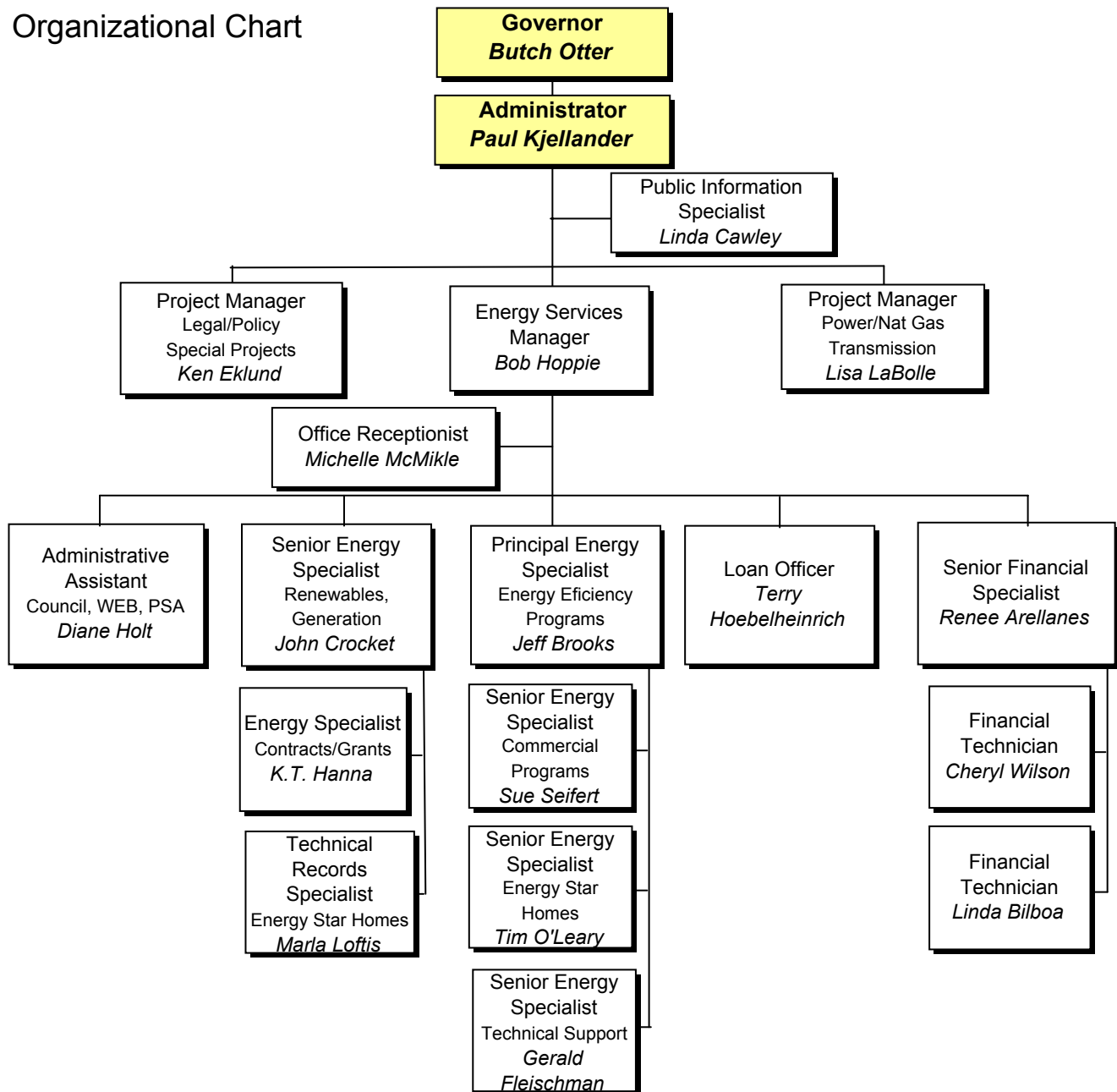
The duties, powers and authorities of the Office of Energy Resources shall include:

- a) Advising the Governor, the Legislature and other public officials of the State's energy requirements, supply, transmission, management, conservation and efficiency efforts;
- b) Coordinating and cooperating with federal and state agencies, departments and divisions, and local governments on issues concerning the State's energy requirements, supply, transmission, management, conservation and efficiency efforts;
- c) Pursuing and accepting federal delegation of responsibility and authority for matters that affect the energy supply, transmission, management, consumption and conservation by the citizens of Idaho other than energy codes and standards for buildings and those matters under the jurisdiction of the Idaho Public Utilities Commission;
- d) Preparing and, as necessary, implementing contingency plans for the conservation and allocation of energy supplies not otherwise regulated by the Idaho Public Utilities Commission during periods of shortages and supply interruptions;
- e) Providing technical assistance to all state agencies, departments, divisions and local governments for energy conservation projects and renewable energy resource opportunities, and helping those entities secure funding where available for energy conservation projects and renewable energy resource opportunities;
- f) Assisting local governments, school districts and public institutions by providing technical assistance and funding for programs to improve energy management and reduce energy consumption;
- g) Providing public information and data on energy supplies, transmission, delivery, demands, technologies, efficiency measures and conservation;
- h) Promoting energy conservation through research, public information, education, training, technical assistance, funding assistance and other activities;
- i) Promoting the utilization of renewable energy resources through funding and technical assistance, research and public information;
- j) Assisting in the development of energy-efficient technologies;
- k) Entering into other agreements or contracts and do that which is necessary to carry out the provisions of the executive order and in the performance of other duties as may be directed by the Governor.

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## Organizational Chart



## Sources of Funding for Full-time Equivalent Positions (FTP)s

	FY 2007	FY 2008	FY 2009	FY 2010
	<u>Authorization</u>	<u>Authorization</u>	<u>Allocation</u>	<u>Request</u>
General Fund (0001)	0.58	0.61	0.28	0.28
Indirect Cost Recovery (0125)	0.50	0.50	0.22	0.22
Renewable Energy Resources (0199)	-	-	0.55	4.30
Miscellaneous Revenue (0349)	2.37	2.37	1.94	1.94
Petroleum Price Violaton (0494)	7.96	9.81	12.08	8.33
Federal Grants (0348)	8.59	4.71	2.93	2.93
<b>TOTAL</b>	<b>20.00</b>	<b>18.00</b>	<b>18.00</b>	<b>18.00</b>

# Office of Energy Resources

## Agency Profile

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Sources of Funds	FY 2008 Expenditures	Percent of Total	FY 2009 Estimated Exp.	FY 2010 Request
1. General Fund (0001) The General Fund sources are the individual income tax, corporate income tax, sales tax, and other miscellaneous sources. Revenues are used for personnel costs.	\$ 40,200	1.9%	\$ 42,500	\$ 43,700
2. Indirect Cost Recovery Fund (0125) Overhead charge for costs to administer federal programs.	190,200	9.0%	233,900	235,700
3. Renewable Energy Resources Fund (0199) The state's portion of revenues from leases and royalties on federal lands for geothermal, wind, and other renewable energy resources.	0	0.0%	400,000	401,500
4. Miscellaneous Revenue Fund (0349) Miscellaneous revenues from interstate and intrastate agencies and utilities. Examples include contracts and grants for industrial and residential energy efficiency projects related to recruitment and training of builders, architects, and designers of Energy Star Homes, and activities related to energy efficient lighting of state and local government and school buildings.	261,700	12.4%	922,800	932,400
5. Biofuel Infrastructure Matching Grant (0403-04) Transfer from the General Fund (H316 of 2007) to provide matching grants to private entities that provide fuel tanks and pumps for alternative fuels.	77,900	3.7%	612,100	0
6. Petroleum Price Violation Fund (0494) In the early 1970s, the Organization of Petroleum Exporting Countries (OPEC) embargoed crude oil exports to the United States. In response, the federal government regulated oil prices to prevent price gouging by domestic crude oil producers and to ensure fair allocation of oil resources. The federal Department of Energy was responsible for identifying violations, recovering overcharges, and obtaining restitution for wronged parties. Through the 1980s, several overcharge cases against domestic oil producers were settled in court. Petroleum Violation Escrow (PVE) monies are part of a nationwide redistribution to the states from the U.S. Department of Energy due to those settlements. Expenditure of the funds is required to benefit energy consumers. The Office of Energy Resources is responsible for certifying that proposed projects meet these standards for allowable uses of violation funds. The courts also specified that interest earned on these funds must be used for the same purposes. The last distribution was in FY 2006 with no additional distributions to the states anticipated.  Funds are used to support program operations and provide a revolving loan fund. Loan and Treasurer's investment interest amounted to about \$650,000 in FY 2008. The fund balance at the end of FY 2008 was about \$5 million and there were about \$505,500 in low interest loans outstanding as of September 2008 for agricultural, residential, and commercial energy conservation projects.	561,900	26.7%	1,016,300	716,100
7. Federal Grant Fund (0348) Funds received from grants and agreements with federal agencies including the Federal Emergency Management Agency (FEMA) and the United States Department of Energy (DOE).	974,400	46.3%	908,700	918,900
<b>Total All Appropriated Funds</b>	<b>\$ 2,106,300</b>	<b>100.0%</b>	<b>\$ 4,136,300</b>	<b>\$ 3,248,300</b>

Note: The FY 2008 actual expenditures are reported here for comparative purposes. The actual expenditures are included in the Department of Water Resources in the statewide reports.

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## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2009 Original Appropriation</b>	<b>18.00</b>	<b>42,500</b>	<b>3,524,200</b>	<b>18.00</b>	<b>42,500</b>	<b>3,524,200</b>
Reappropriation	0.00	0	612,100	0.00	0	612,100
Omnibus Rescission	0.00	0	0	0.00	(42,200)	(42,200)
Health Insurance Reduction	0.00	0	0	0.00	(300)	(9,000)
<b>FY 2009 Total Appropriation</b>	<b>18.00</b>	<b>42,500</b>	<b>4,136,300</b>	<b>18.00</b>	<b>0</b>	<b>4,085,100</b>
Noncognizable Funds and Transfers	0.00	0	0	0.00	0	0
<b>FY 2009 Estimated Expenditures</b>	<b>18.00</b>	<b>42,500</b>	<b>4,136,300</b>	<b>18.00</b>	<b>0</b>	<b>4,085,100</b>
Removal of One-Time Expenditures	0.00	0	(964,100)	0.00	0	(964,100)
<b>FY 2010 Base</b>	<b>18.00</b>	<b>42,500</b>	<b>3,172,200</b>	<b>18.00</b>	<b>0</b>	<b>3,121,000</b>
Benefit Costs	0.00	200	15,900	0.00	0	6,800
Inflationary Adjustments	0.00	0	6,200	0.00	0	0
Replacement Items	0.00	0	12,000	0.00	0	8,500
Statewide Cost Allocation	0.00	0	3,700	0.00	0	3,700
Change in Employee Compensation	0.00	1,000	38,300	0.00	0	0
<b>FY 2010 Program Maintenance</b>	<b>18.00</b>	<b>43,700</b>	<b>3,248,300</b>	<b>18.00</b>	<b>0</b>	<b>3,140,000</b>
1. Shift to Renewable Energy Fund	0.00	0	0	0.00	0	0
<b>FY 2010 Total</b>	<b>18.00</b>	<b>43,700</b>	<b>3,248,300</b>	<b>18.00</b>	<b>0</b>	<b>3,140,000</b>
Change from Original Appropriation	0.00	1,200	(275,900)	0.00	(42,500)	(384,200)
% Change from Original Appropriation		2.8%	(7.8%)		(100.0%)	(10.9%)

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2009 Original Appropriation</b>	18.00	42,500	2,573,000	908,700	3,524,200

## Reappropriation

Reflects carryover spending authority authorized through S1347 of 2008 for biofuel infrastructure grants remaining from a two-year appropriation provided through the Department of Water Resources.

Agency Request	0.00	0	612,100	0	612,100
Governor's Recommendation	0.00	0	612,100	0	612,100

## Omnibus Rescission

Agency Request	0.00	0	0	0	0
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*This decision unit removes the existing General Fund budget as the agency's voluntary contribution to implement cost containment measures to balance the state budget. This exceeds the 4% calculation of \$1,700 by \$40,500.*

Governor's Recommendation	0.00	(42,200)	0	0	(42,200)
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## Health Insurance Reduction

Agency Request	0.00	0	0	0	0
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*The Governor recommends reducing the funding for health insurance by \$500 per FTP, using reserves to offset the increased costs of health insurance for the state for FY 2009 and FY 2010.*

Governor's Recommendation	0.00	(300)	(7,200)	(1,500)	(9,000)
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## FY 2009 Total Appropriation

Agency Request	18.00	42,500	3,185,100	908,700	4,136,300
Governor's Recommendation	18.00	0	3,177,900	907,200	4,085,100

## Noncognizable Funds and Transfers

Allocates the FY 2009 lump sum appropriation by object. Adjusts 4.15 FTPs between fund sources, allocating .55 FTP to the Renewable Energy Resources Fund and 3.6 FTPs to the Petroleum Price Violation Fund from other fund sources.

Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0

## FY 2009 Estimated Expenditures

Agency Request	18.00	42,500	3,185,100	908,700	4,136,300
Governor's Recommendation	18.00	0	3,177,900	907,200	4,085,100

## Removal of One-Time Expenditures

Removes \$612,100 carryover for biofuel infrastructure grants, \$100,000 to support the 25% Renewable by 2025 Council (since renamed to the Idaho Strategic Alliance), \$240,000 for moving costs, and \$12,000 for replacement items.

Agency Request	0.00	0	(958,100)	(6,000)	(964,100)
Governor's Recommendation	0.00	0	(958,100)	(6,000)	(964,100)

## FY 2010 Base

Agency Request	18.00	42,500	2,227,000	902,700	3,172,200
Governor's Recommendation	18.00	0	2,219,800	901,200	3,121,000

## Benefit Costs

Provides \$900 per position, which equates to a 10.4% increase for employer-paid health insurance. Also, includes a 19% reduction in life and disability insurance rates from 1.1% to 0.9% of salary for eligible employees.

Agency Request	0.00	200	13,100	2,600	15,900
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*The Governor recommends providing an increase of \$400 per FTP and making changes to the health insurance benefits contract to meet expected costs. Including the rescission to reduce health insurance benefit costs in FY 2009 by \$500 per FTP, employer costs per FTP for FY 2010 will be \$8,600.*

Governor's Recommendation	0.00	0	5,800	1,000	6,800
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Inflationary Adjustments</b>					
Inflationary increases are calculated using the ongoing base for operating expenditures multiplied by agency-specific inflation factors. The inflationary adjustment includes \$3,000 or 5% for travel costs, \$1,000 or 5.2% for supplies, \$1,000 or 20% for fuel, and \$1,200 or .6% for miscellaneous expenditures. The inflationary request is less than a 1% increase in all operating costs.					
Agency Request	0.00	0	3,200	3,000	6,200
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>Replacement Items</b>					
Includes \$2,500 to replace testing equipment, \$6,000 for five computers, and \$3,500 for office furniture.					
Agency Request	0.00	0	6,000	6,000	12,000
<i>The Governor recommends one-time spending authority of \$6,000 for the replacement of five personal computers and \$2,500 for aging field test equipment.</i>					
Governor's Recommendation	0.00	0	3,000	5,500	8,500
<b>Statewide Cost Allocation</b>					
The request includes \$3,700 for increases in property and casualty insurance premiums collected through the statewide cost allocation plan.					
Agency Request	0.00	0	2,700	1,000	3,700
Governor's Recommendation	0.00	0	2,700	1,000	3,700
<b>Change in Employee Compensation</b>					
Agencies were instructed to calculate a 3% salary increase in the appropriation request.					
Agency Request	0.00	1,000	33,700	3,600	38,300
<i>While increasing salaries of state workers continues to be a priority for the Governor, the current economic situation does not provide the funds to recommend an increase in FY 2010. When economic conditions improve, the Governor will once again seek to improve compensation for all state employees.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>FY 2010 Program Maintenance</b>					
Agency Request	18.00	43,700	2,285,700	918,900	3,248,300
Governor's Recommendation	18.00	0	2,231,300	908,700	3,140,000
<b>1. Shift to Renewable Energy Fund</b>					
This decision unit shifts \$340,000 (\$201,700 in salaries, \$77,700 in benefits, \$8,500 for travel, \$15,000 for meeting expenses, and \$37,100 for professional contracted services) and 3.75 full-time equivalent positions from the Petroleum Price Violation Fund to the Renewable Energy Resources Fund. In addition to other responsibilities, the request provides staff support for the Idaho Strategic Energy Alliance. The Idaho Strategic Energy Alliance is an expansion of the "25% Renewables by 2025 Initiative" and is charged to develop sustainable energy resources, energy efficiency, and conservation measures in accordance with the Idaho Energy Plan. The positions include 1.5 FTP project managers, .75 FTP energy specialist, 1 FTP administrative assistant, and .5 FTP office specialist. [Ongoing]					
Agency Request	0.00	0	0	0	0
<i>Recommended by the Governor. The Governor also recommends companion legislation to make H432 of 2008 retroactive to 2007. Effective July 1, 2008, H432 of 2008 amended the distribution of royalties paid to the state from leases of federal lands for geothermal and other renewable energy sources.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>FY 2010 Total</b>					
Agency Request	18.00	43,700	2,285,700	918,900	3,248,300
Governor's Recommendation	18.00	0	2,231,300	908,700	3,140,000
Agency Request					
Change from Original App	0.00	1,200	(287,300)	10,200	(275,900)
% Change from Original App	0.0%	2.8%	(11.2%)	1.1%	(7.8%)
Governor's Recommendation					
Change from Original App	0.00	(42,500)	(341,700)	0	(384,200)
% Change from Original App	0.0%	(100.0%)	(13.3%)	0.0%	(10.9%)